



# The American Health Care Reform Act

## A BETTER WAY

Steve Scalise, Chairman  
*Republican Study Committee*

Dr. Phil Roe, Chairman  
*RSC Health Care Working Group*





## Our Goals:

- Fully repeal the President's health care law.
- No mandates. No welfare spending.
- Affordability through tax reform.
- Spur competition with portability.
- Safeguard individuals with pre-existing conditions.
- Encourage free market forces in health care.
- Common-sense medical malpractice reform.
- Protect human life.





# Increasing Access to Portable, Affordable Health Insurance

- Standard Deduction for Health Insurance to Replace Current Health Care Tax System
  - Individual Owns the Policy
  - Health Insurance Becomes Portable and Encourages Competition and Choice
  - Employers Still Receive Exclusion from Payroll Taxes that is Capped
  - Yields Benefits to Middle Class and Working Poor





# The Standard Health Insurance Deduction: *Employer-sponsored Insurance*

	Current Law	RSC Proposal	RSC Proposal Plus Wage Negotiation
Total Compensation	\$70,000	\$70,000	\$70,000
Wages	\$58,000	\$58,000	\$62,000
Employer Health Contribution	\$12,000	\$12,000	\$8,000
Pre-Tax Worker Contribution	\$4,000	\$0	\$0
Post-Tax Worker Contribution	\$0	\$4,000	\$2,000
Taxable Income Before SDHI	\$54,000	\$70,000	\$70,000
Standard Deduction	\$0	\$20,000	\$20,000
Taxable Income	\$54,000	\$50,000	\$50,000
Tax Savings (Assuming 30.3%)	\$0	\$1,212	\$1,212
Take-Home Pay Increase	\$0	\$1,212	\$7,212
Type of Insurance	Average	Average	Basic





# The Standard Health Insurance Deduction: *Individual Market Purchase*

	Current Law	RSC Proposal
Total Compensation	\$70,000	\$70,000
Wages	\$70,000	\$70,000
Pre-Tax Worker Contribution	\$0	\$0
Post-Tax Worker Contribution	\$16,000	\$16,000
Taxable Income Before SDHI	\$70,000	\$70,000
Standard Deduction	\$0	\$20,000
Taxable Income	\$70,000	\$50,000
Tax Savings (Assuming 30.3%)	\$0	\$6,060
Premium % Paid with Savings		37.8%
Type of Insurance	Average	Average





# The Standard Health Insurance Deduction: *Uninsured Family*

	Current Law	RSC Proposal
Total Compensation	\$20,000	\$20,000
Wages	\$20,000	\$20,000
Pre-Tax Worker Contribution	\$0	\$0
Post-Tax Worker Contribution	\$0	\$8,000
Taxable Income Before SDHI	\$20,000	\$20,000
Standard Deduction	\$0	\$20,000
Taxable Income	\$20,000	\$0
Tax Savings (Assuming 30.3%)	\$0	\$6,060
Premium % Paid with Savings		75.7%
Type of Insurance	Uninsured	Basic





# Increasing Access to Portable, Affordable Health Insurance

- Expands the classes of individuals eligible for Health Savings Accounts (HSAs).
- Increases the annual contribution limit for HSAs.
- Makes more expenses eligible for HSA reimbursement (Paulsen/Fleming/Ross).
- Increases the benefit employers can give to workers that participate in a wellness program.





# Increasing Access to Insurance for Vulnerable Americans

- *State-Based High Risk Pools*
  - Provides \$25 billion over 10 years for state high risk pools.
  - Pools cannot charge participants more than 200 percent of the standard rate.
- *HIPAA/COBRA Provisions*
  - Eliminates requirement that workers first exhaust COBRA benefits before being eligible for guaranteed availability
  - Remove barriers that prevent individuals with continuous insurance coverage from transferring between large group, small group and individual markets without the threat of pre-existing conditions affecting their status







# Encouraging a More Competitive Health Care Market

- Allows individuals to purchase health insurance across state lines (Blackburn).
- Makes health insurance carriers subject to federal anti-trust laws (Gosar).
- Makes Medicare claims and payment data publicly available while ensuring patient privacy (Sensenbrenner).





# Encouraging a More Competitive Health Care Market

- Provides start-up funds for states to establish optional state transparency plan portals that will provide consumer information (Price).
- Repeals comparative effectiveness provisions that were included in the stimulus bill.
- Creates association health plans (Sam Johnson).





# Reforming Medical Liability Law

- Adopts House-passed medical liability reform that addresses defensive medicine while protecting patient rights (Gingrey).





## Respecting Human Life

- Includes pro-life riders that ensure that taxpayer funds appropriated under this act cannot be used to pay for abortions.





# What They're Saying...

## Americans for Tax Reform

"I would urge all Congressmen to co-sponsor and vote for this pro-taxpayer bill. This legislation is perfectly consistent with The Taxpayer Protection Pledge, and is a quantum leap forward for both health and tax policy." – *Grover Norquist, President, Americans for Tax Reform*

## National Taxpayers Union

"Such a shift toward portability in coverage would better align tax policy with today's dynamic workforce and help to expand insurance options by providing financial flexibility directly to individuals and families." – *Brandon Arnold, Vice President of Government Affairs, National Taxpayers Union*





## What They're Saying...

### Americans For Prosperity

“On behalf of Americans for Prosperity’s two million activists across this country, I applaud you for introducing the American Health Care Reform Act...Americans for Prosperity is encouraged by efforts to repeal ObamaCare and finally move towards a free-market health care system.” –*Christine Hanson, Federal Affairs Manager, Americans for Prosperity*

### Galen Institute

“Giving people more choices of portable health coverage would stimulate innovation in both insurance and medical care. This competition would drive down costs and make coverage accessible to millions more Americans. This is the right vision for health reform.” - *Grace-Marie Turner, Galen Institute (for identification purposes only)*





## Special Thanks to the Drafting Committee:

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## Join Us

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